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CONSIDERATION OF DR. DONALD B. RICE TO BE SECRETARY OF THE AIR FORCE

MAY 17, 1989.—Ordered to be printed

Mr. NUNN, from the Committee on Armed Services, submitted the following

REPORT

The Committee on Armed Services, having had under consideration the nomination of Dr. Donald B. Rice to be Secretary of the Air Force, reports favorably thereon and recommends the nomination be confirmed by the Senate.

COMMITTEE ACTION

On May 12, 1989, the Senate received from President Bush the nomination of Dr. Donald B. Rice to be Secretary of the Air Force. The Committee held a public hearing with Dr. Rice on May 16. On May 17, the Committee voted unanimously to report the nomination favorably with the recommendation that the nomination be confirmed by the Senate.

SCOPE OF THE COMMITTEE'S REVIEW OF DR. RICE'S NOMINATION

1. COMMITTEE PROCEDURES

During the 100th Congress, the Committee initiated new procedures for consideration of nominations for civilian appointed positions in the Department of Defense. In addition, the Committee adopted standards to guide its consideration of the qualifications of nominees. The Committee applied these procedures and standards during consideration of Dr. Rice's nomination.

2. REVIEW OF REQUIRED SUBMISSIONS BY THE NOMINEE AND THE EXECUTIVE BRANCH

a. Committee questionnaire

The Committee requires each nominee to complete a questionnaire relating to the nominee's qualifications and potential conflicts of interest. Dr. Rice's response to the Committee's question-

naire provided basic biographical and financial information and served as the starting point for the Committee's inquiry into Dr. Rice's qualifications and suitability for the position of Secretary of the Air Force. A biographical sketch of Dr. Rice is presented as an appendix of this report.

b. Financial disclosure and background materials

As part of the confirmation process, the Committee obtained Dr. Rice's tax records for the last 3 years. The Committee also received the letters on conflict of interest and related matters required of the nominee, the Office of Government Ethics, and the General Counsel of the Air Force. Based upon this information, the Committee concludes that the nominee is in compliance with all applicable laws and regulations governing conflict of interest.

c. FBI summary memorandum on the background investigation of Dr. Rice

The White House provided the Committee with the summary memorandum on the background investigation of the nominee by the Federal Bureau of Investigation (FBI). This document was reviewed by the Chairman and Ranking Minority Member, who briefed the Committee. The Committee also received the required letter from the Counsel to the President outlining the nature and scope of the FBI background investigation. The Committee concludes that there is nothing in Dr. Rice's background, as reflected in the FBI investigation, that would render him unfit to serve as Secretary of the Air Force.

3. COMMITTEE PROCEEDINGS

On May 12, 1989, President Bush formally submitted to the Senate the nomination of Dr. Donald B. Rice to be Secretary of the Air Force, which was referred to the Committee on that date. The Committee met in public session on May 16 to receive testimony from Dr. Rice on national security policy and management issues. On May 17, the Committee completed its deliberations on the nomination.

QUALIFICATIONS OF DR. RICE

1. ROLES OF THE SECRETARY OF THE AIR FORCE

The Secretary of the Air Force is an extremely important position. The Secretary is the head of the Department of the Air Force and, subject to the authority, direction, and control of the Secretary of Defense, is responsible for, and has the authority to conduct, all affairs of the Department of the Air Force. Beyond the vast duties to manage the Department of the Air Force, the Secretary of the Air Force has significant responsibilities to the Secretary of Defense. The Secretary of the Air Force has a duty to ensure that the policies and programs of his department are fully consistent with overall defense objectives and policies. He also has a statutory requirement to ensure that the Department of the Air Force fulfills, to the maximum extent practicable, the current and

future operational requirements of the unified and specified combatant commands.

2. COMMITTEE'S EVALUATION OF THE QUALIFICATIONS OF DR. RICE

The Committee determined that Dr. Rice is highly qualified to serve as Secretary of the Air Force. Dr. Rice received a B.S. degree in economics from Notre Dame University and a Ph.D. in Economics from Purdue University. He has had a distinguished career in both the government and non-profit public sector. Dr. Rice served as an officer in the United States Army, and later joined the Office of the Secretary of Defense as the Director of Cost Analysis. Subsequently, he became the Deputy Assistant Secretary of Defense for Resource Analysis and received the Department's Meritorious Civilian Service Medal in 1970. From 1970 to 1972, Dr. Rice served as the Assistant Director for Natural Resources, Energy, and Science in the Office of Management and Budget.

Dr. Rice left government service in 1972 to become the President and Chief Executive Officer of the Rand Corporation, building it into one of the Nation's preeminent research institutions. While at Rand, Dr. Rice continued to work on defense policy issues. Between 1977 and 1979, Dr. Rice directed the Defense Resource Management Study, a wide-ranging examination of defense management issues commissioned by President Carter. Most recently, from 1978 to 1988, Dr. Rice served as a member of the Defense Science Board, the Defense Department's highest scientific advisory body.

A comparison of the qualifications of Dr. Rice with the standards endorsed by the Committee indicate the following:

Standard No. 1. Nominees must be of unquestionable integrity: Dr. Rice's career reflects adherence to the standards of integrity expected of government employees.

Standard No. 2. Nominees must be capable of performing as members of the Secretary of Defense's management team: Based upon Dr. Rice's previous performance in senior defense positions and his written and oral testimony and interviews, the Committee determined that Dr. Rice is capable of effectively performing as a member of Secretary Cheney's management team.

Standard No. 3. Nominees should have a substantial understanding of national security policy and international security affairs: Dr. Rice is exceptionally well qualified in this regard. During the past 15 years, he supervised the Rand Corporation's detailed studies and analyses of virtually all types of national security and defense policy questions. This experience, together with his previous service in government, has given Dr. Rice a solid background on national and international security issues, particularly those related to the Department of the Air Force.

Standard No. 4. Nominees must demonstrate a commitment to emphasizing overall national security goals and objectives: Dr. Rice's written and oral testimony provide substantial evidence of his understanding of, appreciation for, and commitment to, overall U.S. national security goals and objectives. In particular, he emphasized the responsibilities of the Secretary of the Air Force to assist the Secretary of Defense in the formulation and implementation of a coherent and integrated defense program.

Standard No. 5. Nominees must have substantial experience and expertise within their proposed areas of responsibility: The Secretary of the Air Force is responsible for every aspect of the Department of the Air Force. This ranges from personnel and facility management to guiding the Air Force's development of weapon systems that will not be fielded until the turn of the century. The Rand Corporation is the Air Force's primary research institution, conducting detailed studies into virtually all aspects of the Air Force, from personnel and logistics management to acquisition policy. As head of the Rand Corporation, Dr. Rice has detailed familiarity with the equipment, facilities, procedures, and practices of all aspects of the Air Force. Dr. Rice also served during the past 10 years on the Defense Science Board. In that capacity, he studied many of the most important questions in the area of weapon development and mission capabilities for all Military Departments.

Standard No. 6. Nominees must be capable managers and administrators: Dr. Rice has served in numerous leadership positions, both in government and in private life. As Deputy Assistant Secretary of Defense for Resource Analysis, he administered an office of 30 personnel. While at the Office of Management and Budget, he administered a staff of about 70 personnel. The Rand Corporation has a staff of 1,113 analysts and support personnel, with annual revenues of $85 million in 1988. It is obvious from his background that Dr. Rice meets the standard for management and administration capabilities.

Standard No. 7. Nominees must be suited by temperament for the demands of defense management: During his career in the Department of Defense, which included two senior civilian assignments, Dr. Rice worked effectively. He has also participated in numerous DoD panels and boards, to include the Defense Science Board. Moreover, the Rand Corporation frequently conducts objective analyses that highlight shortcomings in the operations of its customer. This has required a firm, objective, and constructive temperament. All evidence suggests that Dr. Rice's temperament is very well suited to the demands of the position of Secretary of the Air Force.

Standard No. 8. Nominees must have a strong commitment to public service: Nearly all of Dr. Rice's adult life has been committed to public service in government and non-profit organizations.

Standard No. 9. Nominees must demonstrate an understanding of, and respect for, the Constitutional principles of the Nation, including the legitimate role of the Congress: Dr. Rice's previous government service and active support of the Executive and Legislative Branches as President of the Rand Corporation have provided a firsthand knowledge of, and respect for, Constitutional principles.

Conclusion

On May 17, 1989, by a unanimous vote, the Committee on Armed Services approved a motion to report favorably the nomination of Dr. Donald B. Rice to be Secretary of the Air Force with the recommendation that the nomination be confirmed by the Senate.

APPENDIX

Biographical Sketch of Dr. Donald B. Rice, Provided by the Nominee

Since April 1972, Donald B. Rice has been president and chief executive officer of The RAND Corporation. RAND is a nonprofit, public service institution which conducts research and analysis on problems of national security and domestic affairs and offers, through the RAND Graduate School, doctoral degree programs in public policy analysis, health policy, and Soviet studies. The Corporation has over 1,000 employees and an annual budget of $75 million. RAND's research is conducted within two dozen programs, institutes and centers, each engaged in one or more areas of defense, foreign, economic or social policy.

Dr. Rice came to RAND from service as assistant director of the U.S. Office of Management and Budget in the Executive Office of the President. From 1970 to 1972, he had responsibility for the budgeting, program analysis, and management improvement activities of OMB in the areas of agriculture, atomic energy, commerce, energy, environment, natural resources, public works, science and technology, space and transportation.

He currently serves as a director of Pacific Lighting Corporation, Vulcan Materials Company, Wells Fargo & Company and Wells Fargo Bank, N.A., the Los Angeles World Affairs Council; a trustee of the Committee for Economic Development; and as a senior consultant to the Defense Science Board (Secretary of Defense appointment).

He received the B.S. in chemical engineering, University of Notre Dame, 1961. Purdue University awarded him the M.S. in industrial administration, 1962, and the Ph.D in management and economics, 1965. Notre Dame awarded him the degree of Doctor of Engineering, honoris causa, 1975, Purdue the degree of Doctor of Management, honoris causa, 1985.

From 1965 to 1967 he served as 1st Lt. and Captain in the U.S. Army. During that time he was assistant professor of management and acting deputy director for academics of the Navy Management Systems Center at the Naval Postgraduate School, Monterey, California. He taught statistics at the University of California at Santa Cruz in 1966.

In 1967 he became director of cost analysis in the Office of the Secretary of Defense. He was appointed Deputy Assistant Secretary of Defense (Resource Analysis) in February 1969, with responsibilities for analysis of cost, manpower and logistics requirements, for preparation of fiscal guidance issued by the Secretary to the mili-

tary services, and for the coordination of DoD's program and budget planning with the National Security Council.

In 1970 the Secretary of Defense awarded him the Meritorious Civilian Service Medal. In 1975 he was selected by the U.S. Jaycees as one of America's Ten Outstanding Young men.

From 1975 to 1977 he served as Chairman, National Commission on Supplies and Shortages (Presidential appointment). From 1977 to 1979, he directed a review for the Secretary of Defense, requested by the President, of resource management in the Defense Department. From 1974 to 1986, he served two terms on the National Science Board (Presidential appointment). He currently serves on the NAS/NAE Committee on the Space Station.

He is past president of the Institute of Management Sciences; a U.S. member of the Trilateral Commission; a fellow of the American Association for the Advancement of Science; a member of the Council on Foreign Relations, the National Committee on United States-China Relations, and the American Economic Association.

He has published articles, reports and papers dealing with economic policy, government organization and budgeting, defense resources management, energy systems, strategic capabilities and arms control, regulatory problems, and analytical techniques.

He resides with his wife, the former Susan Fitzgerald, and their three sons, in Santa Monica, California. He was born June 4, 1939, in Frederick, Maryland.

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